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Farm Broadcasters Letter



Letter No. 2194

January 3, 1985

GRAIN & FEED EXPORT HIGHLIGHTS

According to the U.S. Department of Agriculture, the major developments affecting U.S. exports over the past month include: India agreed to supply the Soviet with 500,000 tons of wheat in 1985...Argentina sold wheat to China...Canada is aggressively marketing wheat in South America...Indonesian demand for U.S. wheat is lower than expected... Record EC wheat production of bread wheat varieties will dampen demand for high protein wheat from the U.S....Brazil purchased 200,000 tons of U.S. corn...China is aggressively selling corn to Korea and Japan... Germany could look to the U.S. as a source of corn supply in place of EC corn.

U.S. WHEAT - SHIPMENTS & SALES

The U.S. wheat export estimate as of Dec. remained unchanged at 41.5 million tons, according to the U.S. Department of Agriculture. Despite record world demand, wheat trade in 1984/85 is expected to be very competitive as many exporting countries are aggressively selling their increased supplies. Shipments of U.S. wheat for the week ending Dec. 20 were one third greater than the previous 4 week average. New sales reported were double the prior 4 week average.

CORN & SORGHUM EXPORTS

The projected Oct.-Sept. 1984/85 corn export forecast remains at 52.7 million tons, but deteriorating crop prospects in Brazil and South Africa could bring additional demand for U.S. corn, according to the U.S. Department of Agriculture. The U.S. sorghum export forecast is also unchanged at 6.4 million tons, but higher Mexican demand and lower Argentine supplies could later affect U.S. export levels. Shipments of U.S. corn picked up this past month as the Soviet accelerated its import schedule. New sales activity for corn was the lowest this marketing year. Mexico's large sorghum purchase was the main reason sales activity reached record levels.

SMALL GRAINS HIGHLIGHTS

Winter wheat seedings for the 1985 crop are estimated by the U.S. Dept. of Agriculture at 57.6 million acres, down 9 pct. from last year to the lowest level since 1979. In 1984 all wheat production totaled 2.60 billion bushels, up 7 pct. from 1983. The harvested area, at 66.9 million acres, is 9 pct. above the 1983 level. Yields averaged 38.8 bushels per acre, 0.6 bushel below the record high set in 1983. Oats production in 1984 is estimated at 472 million bushels, 1 pct. less than the 1983 crop. The yield is a record high 58.1 bushels per acre. Barley production in 1984 is est. at a record high 597 million bushels, up 17 pct. from 509 million in 1983.

STRONG DOLLAR
PUTS PRESSURE
ON FARM SECTOR

During 1984, the U.S. economy probably experienced its strongest growth in over 30 years. The 1984 recovery led to a strong year for domestic consumer demand for farm products, according to the U.S. Department of Agriculture. Low inflation kept farm costs down. However, a strong U.S. dollar, an uneven world economic picture, continued large foreign agricultural production, high interest rates, and declining farmland values have kept pressure on the farm sector. For the year ending June 1984, delinquency rates at agricultural banks on farm loans rose to 4.5 percent, up from 3.7 a year earlier. The incidence of bankruptcies more than doubled, rising from 1.1 to 2.6 pct.

MORE FINANCIAL
STRESS IN '85

The outlook for 1985 suggests continued cash flow difficulties for highly leveraged farmers, according to the U.S. Department of Agriculture. Crop prices will generally stay below those of a year earlier and real interest rates will probably remain high. The pickup in demand for U.S. farm products will not match the increase in production. On a brighter note, export volumes are up following several years of decline, and farm input prices should increase only moderately.

FARM ASSETS

The nominal value of farm assets, including farm households, is expected to fall 0.8 pct. for 1984 after rising 1.8 pct. in 1983, according to the U.S. Department of Agriculture. Forecasts also indicate that the nominal value of farm assets will drop by about 0.5 pct. in 1985. Farm real estate values are expected to decline 2 pct. in 1984 and are forecast to fall another 1.5 in 1985. The total farm debt in 1984 is down 1.2 pct. from 1983. This is the second consecutive year of decline since farm debt peaked at \$216.3 billion on Jan. 1, 1983. Farm debt is expected to decline about 0.2 pct. by the beginning of 1986.

PRICES
RECEIVED
INDEX DOWN

The All Farm Products Index of Prices Received by Farmers for Dec. decreased 3 points - 2.2 pct. - from the previous month to 134 pct. of its 1977 average, according to the U.S. Department of Agriculture. Compared with a year earlier the index was down 6 points - 4.3 pct. Lower prices for oranges, cotton, soybeans, broilers and milk were partially offset by higher prices for hogs, cattle, hay and turkeys.

PRICES PAID
INDEX
UNCHANGED

The Index of Prices Paid by Farmers for Commodities and Services, Interest, Taxes, and Farm Wage Rates for December was 164 pct. of its 1977 base, according to the U.S. Department of Agriculture. The index was unchanged for the second consecutive month. Compared with a year earlier, the index was up 1 point - 0.6 pct. Declines in the feed, fuels and fertilizer indexes were offset by the increase in the feeder livestock component. Feeder cattle and calves averaged \$60 per cwt. in Dec., up \$1.00 from the revised Nov. average. Feeder pigs at \$80.50 per cwt. were 50 cents higher than the revised price for last month.

USDA
EMERGENCY
LOANS

Sec'y of Agriculture John Block named counties in 6 states as eligible for USDA emergency loans due to adverse weather. Arkansas, 10 primary counties, 17 contiguous...Illinois, 17 primary, 19 contiguous...Kansas, 6 primary, 21 contiguous...Minnesota, 7 primary, 20 contiguous...North Dakota, one primary, 2 contiguous...and Texas, 11 primary counties...16 contiguous. Farmers in all counties have eight months in which to apply for the loans to cover part of their actual losses.

FROM OUR TELEVISION SERVICE "African Food Crisis - I"...Two dozen countries in Africa are facing severe food shortages, part of a vicious cycle of poverty, hunger and economic conditions. USDA economist Arthur Dommen explores how these conditions developed. Vic Powell interviews. (286)

"African Food Crisis - Food Production"...USDA economist Arthur Dommen talks about the interdependency of agriculture in Africa and the direction these nations must take to improve their agricultural industry. Vic Powell interviews. (287)

"African Food Crisis - Reshaping African Agriculture"...USDA economist Arthur Dommen continues his discussion on the African food crisis, exploring the external and internal forces that can reshape African agriculture. Vic Powell interviews. (288)

"USDA Response to African Crisis"...Mary Chambliss, Foreign Ag. Serv., focuses on the coordinated effort by the USDA to provide almost 10 million people with immediate food aid in Africa. Jim Johnson interviews. (289)

"Outlook for U.S./EC Trade Relations"...1985 may be a pivotal year for trade relations between the U.S. and the EC. Joseph O'Mara, Foreign Ag. Serv., discusses the outlook for U.S. and EC economic relations. Jim Johnson interviews. (290)

9-1/2 PCT.
LOAN RATE Commodity loans disbursed in Jan. by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 9-1/2 pct. interest rate. The new rate is down from 10-1/8 pct.

HOGS & PIGS
INVENTORIES The U.S. inventory of all hogs and pigs is estimated at 54 million head on Dec. 1, 1984, according to the U.S. Department of Agriculture. This is 5 pct. below a year ago and 1 pct. less than Dec. 1, 1982. Breeding hog inventory, at 6.93 million, is 6 pct. below last year and down 7 pct. from 2 years ago. Market hog inventory, at 47.1 million, is 4 pct. below a year ago but slightly above 2 years ago. (For more information, call 202-447-6880.)

THE EXPANDING
FLY The U.S. Department of Agriculture on Dec. 27 expanded a quarantine area in Los Angeles County, Calif., by approximately 8 miles to prevent further spread of the oriental fruit fly. Approximately 90 of the flies were found in L.A. County since June 1984 and hold orders prohibiting movement of approximately 100 kinds of host fruits and vegetables were put into effect. These hold orders were followed by formal federal regulations in Sept. covering an 88 sq. mile area.

TRIGGER
UNTRIGGABLE Sec'y of Agriculture John Block announced that the first quarterly estimate of U.S. meat imports for 1985 is below the level that would require quotas on imports under the Meat Import Act of 1979. Based on USDA estimates of available supplies, imports of beef and certain other meats should total not more than 1.2 billion pounds, about 104 million pounds below the 1985 trigger level of 1,319 million pounds.

OFF MIKE

First off and right up front (because you might not get this in time anyway): Max Stewart (WSMI, Litchfield, IL) called to report you can get customized radio feeds from the American Farm Bureau Federation national convention in Hawaii if you hurry. The convention is Jan. 7-10, and Max will be there to provide the feeds. If you're interested, and get this notice in time, call Linda Lenzini at 217-544-9898 to get on the schedule. Linda is the coordinator, and it's all courtesy of Squires Advertising ... Doug Thomas is leaving the Southern States Network to become the director of research and market development for the Federal Land Bank District in Wichita, KS. Doug reports he'll be working with former farm broadcaster Monte Reese, who used to be at WKY, Oklahoma City, and is now the vice president of public relations at the Federal Land Bank. And Doug says Southern States Network is looking for a replacement. If you're interested, contact Larry Griffith, manager of the network at 405-383-5271 ... Also, Rob McCartney reports Nebraska Television Network in Kearney, NE, is looking for a farm broadcaster. The number to call there is 308-743-2494 ... Bonnie McCarvel is no longer at KNUJ/KXLP, New Ulm, MN. She left to accept a position on Minnesota Senator Dave Durenberger's staff ... And in case you missed it earlier, Radonna Long (KGNC, Amarillo, TX) received the 1984 News Media Award from the Texas Council of the Soil Conservation Society of America. And Walt Shaw (KRAK, Sacramento, CA) received a Future Farmer Degree at the National FFA convention in Kansas City this year. Our congratulations all around ... Couple calls this past week from farm broadcasters wanting copies of the new Yearbook of Agriculture. It's all about disease control for both livestock and family pets. If you'd like a copy, let us know ... We promised you a "pork belly" joke or two (although we're not too sure why) so here goes (and so you'll know who to credit...or blame...they're courtesy of Lew Middleton, WQHK, Fort Wayne, IN): "Why did the pork belly go to the fair? He heard there was a gypsy who could tell his futures." "What do pork belly traders and scavengers have in common? They both get their pick of the litter." There's a long story about how "pork belly" stories came into existence, but we figured you could only take so much at a time. Maybe we'll report the story later. Maybe.

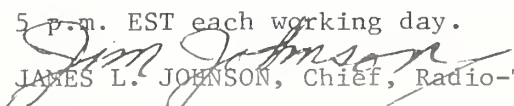
FROM OUR RADIO
SERVICE

AGRICULTURE USA #1440...(Weekly 13½ min documentary) News reports lately have been carrying more stories about the agricultural trade conflicts (namely in pork and potatoes) between the U.S. and Canada. While these issues top the headlines, the two countries still remain strong allies. Jim Johnson presents the views of top officials from both nations.

AGRITAPE/FARM PROGRAM REPORT #1429...(Weekly reel of news features) USDA news highlights; Farmers need to report crop changes; Outlook for red meat producers; F.F.A. aids communities; A quality leap for soy protein.

CONSUMER TIME #922...(Weekly reel of five 2½-3 min features) Young pets and cold weather; Birds as pets; Chicken gaining favor; Safe hunting; Adopt-a-pet.

USDA RADIO NEWS SERVICE...Thurs, Jan. 10, Vegetable production; Fri, Jan. 11, U.S. and world crop production; Tues, Jan. 15, Crop and weather update; Thurs, Jan. 17, Milk production. Dial the USDA National News Lines 202/488-8358 or 8359. All material changed at 5 p.m. EST each working day.


JAMES L. JOHNSON, Chief, Radio-Television Division